of money in use and its velocity of circulation/'
Quite so. If you increase the amount of money faster than that of goods, more money has to be given for less goods; the value, or buying power, of money is depreciated and prices go up. The present war has given an excellent example of this process at work. All the warring Governments have printed acres of paper money, and have worked the credit system with profligate energy; and so we have a huge increase in currency and credit, along with little or no increase (probably a decrease) in consumable goods, and prices have soared like rockets all over the world. In neutral countries the rise has been as bad as anywhere, because the neutrals have been choked with the gold that the warring Powers exported, putting paper in its place. So we see that the volume of money, on the theory so emphatically expounded by Mr Kitson and endorsdd by common-sense—as long as we are careful to include all forms of money that are taken in exchange for goods in the definition—reflects itself at once in prices. If money does not increase in quantity and goods do, then prices go down, and after the necessary adjustments are made in rates of wages and salaries, a larger trade can be done with the same amount of money at a lower level of values. The volume of money thus

limits the aggregate value of trade, but not its aggregate volume. Periods of falling prices are not encouraging to producers, and they put too much advantage into the hands of the *rentier*—the man who lives on fixed interest; on the other hand, they are generally